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September 9, 2022

## VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

**RE: Docket 22-13-NG Rhode Island Energy Distribution Adjustment Charge Filing Responses to Division Data Requests – Set 2 (Complete Set)**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”), I have enclosed the Company’s responses to the Second Set of Data Requests issued by the Division of Public Utilities and Carriers (“Division”) in the above-referenced docket. The Company previously filed responses to Division 2-1, Division 2-2 and Division 2-3 on September 6, 2022 and was granted an extension to September 9, 2022 to file responses to Division 2-4, Division 2-5 and Division 2-6. The enclosed filing is a complete set of the responses.

Thank you for your attention to this matter. If you have any questions, please contact me at (401) 709-3337.

Sincerely,



Leticia C. Pimentel

Enclosure

cc: Docket 22-13-NG Service List

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate were electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Heidi J. Seddon

September 10, 2022

Date

**Docket No. 22-13-NG – Narragansett Electric Co. d/b/a RI Energy – 2022  
Annual Distribution Adjustment Charge Filing (DAC) –  
Service List as of 9/9/22**

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<b>File an original &amp; nine (9) copies w/:</b> Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a> ;	401-780-2107
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The Narragansett Electric Company  
d/b/a Rhode Island Energy  
In Re: Docket 22-13-NG  
Rhode Island Energy Distribution Adjustment Charge Filing  
Responses to Division's Second Set of Data Requests  
Issued August 15, 2022

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Division 2-1

Request:

Please provide Schedule NECO-2 in electronic format with the formulae intact.

Response:

Please see Attachment DIV 2-1.

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Division 2-2

Request:

Reference Schedule NECO-2. Please provide copies of the billing system source documents for the actual number of customers and the actual base revenues.

Response:

Please see Attachment DIV 2-2.

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Division 2-3

Request:

Please provide the supporting documentation and calculation of the 1.37% “Bk America Rate less 200 Basis Points.”

Response:

Please see the table below for the requested information.

	(a)	(b)	(c) = (b) - 200 BP	(d)	(e) = (d) / 31	(f) = (c) x (e)
<b>Rate In Effect:</b>		<b>Bank of America (BoA) Prime Rate</b>	<b>BoA Prime Rate Less 200 Basis Points</b>	<b>Days in Effect (March 2022)</b>	<b>% Days in Effect (March 2022)</b>	<b>Prorated BoA Prime Rate Less 200 BP</b>
(1) March 16, 2020 - March 16, 2022		3.25%	1.25%	16	52%	0.65%
(2) March 17, 2022 - May 4, 2022		3.50%	1.50%	15	48%	0.73%
(3)	<b>March 2022 - Weighted Average BoA Prime Rate Less 200 BP</b>					<b>1.37%</b> (3) = (1) + (2)

Notes:

- (b) Source: <https://newsroom.bankofamerica.com/content/newsroom/home/prime-rate-information.html#:~:text=The%20current%20Bank%20of%20America,point%20for%20pricing%20some%20loans.>

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Division 2-4

Request:

Reference Schedule SAB-1, page 11.

- a. Please confirm that the Company had no short-term debt during CY 2021.
- b. If the Company did not have any short-term debt, please explain why an adjustment was not made to the capital structure to negate the effect of including the short-term debt at 0% cost.
- c. Please provide the Company's actual capital structure as of the end of each quarter of CY 2021.

Response:

- a. Correct, the Company did not have short-term debt during CY 2021.
- b. The Company did not make any adjustment to the capital structure to negate the effect of the short-term debt at 0% cost due to the approved capital structure in Docket No. 4770. The approved capital structure is the basis for comparing the earnings for Calendar Year 2021 to the calculated level of earnings to be shared with customers.
- c. Please see the requested information below. Please note the period ending March 31, 2021 is the annualized period.

<u>Mar-21</u>	<u>Capital Structure</u>	<u>Jun-21</u>	<u>Capital Structure</u>
Long-Term Debt	48%	Long-Term Debt	47%
Common Equity <sup>1</sup>	<u>52%</u>	Common Equity <sup>1</sup>	<u>53%</u>
	100%		100%
<u>Sep-21</u>	<u>Capital Structure</u>	<u>Dec-21</u>	<u>Capital Structure</u>
Long-Term Debt	47%	Long-Term Debt	46%
Common Equity <sup>1</sup>	<u>53%</u>	Common Equity <sup>1</sup>	<u>54%</u>
	100%		100%

<sup>1</sup>Excludes Goodwill

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Division 2-5

Request:

Reference the August 1, 2022 direct testimony of Stephanie A. Briggs at page 8. Please fully explain the nature and cause of the CY 2021 property tax deferral correction adjustment and provide the supporting documentation showing the derivation of the adjustment amount.

Response:

The Company inadvertently calculated and recorded on the Company's books, a property tax deferral that used an incorrect property tax rate allowance from Docket No. 4770. The rate allowance amount used to calculate the deferral was higher than what was approved in base distribution rates in Docket No. 4770, requiring an adjustment to reflect the correct property tax deferral amounts. Please see Attachment DIV 2-5 for the Calendar Year 2021 amount that was adjusted in the Company's 2021 Earnings calculation.

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
<b>CORRECTED AMOUNT</b>													
<b>A - Actual Property Tax Expense</b>													
Estimated ISR only Property Tax (ytd)	21,591,689.88	23,324,928.14	25,308,147.95	2,096,607.67	4,177,270.01	6,129,954.34	9,618,348.39	13,331,642.81	15,787,852.33	18,209,726.85	20,628,393.14	23,028,882.58	
<b>B - Estimated Property Tax Collections/Recoveries</b>													
Planned annual FY recoveries (ytd)	26,869,455.00	26,869,455.00	26,869,455.00	26,869,455.00	26,869,455.00	26,869,455.00	26,869,455.00	26,869,455.00	26,869,455.00	26,869,455.00	26,869,455.00	26,869,455.00	
On base ISR capex investments (ytd)	4,711,167.00	4,711,167.00	4,711,167.00	7,808,171.00	7,808,171.00	7,808,171.00	7,808,171.00	7,808,171.00	7,808,171.00	7,808,171.00	7,808,171.00	7,808,171.00	
Allocation %	69.67%	86.85%	100.00%	10.83%	15.81%	19.62%	22.73%	25.76%	28.84%	32.72%	40.16%	52.44%	
Subtotal	22,002,732.92	27,428,234.53	31,580,622.00	3,754,124.59	5,482,871.53	6,804,338.64	7,882,685.01	8,934,604.14	10,002,618.81	11,346,325.40	13,925,033.61	18,184,092.32	
<b>C - Deferral of any over/under</b>													
Estimated ISR prop tax recoveries (ytd)	22,002,732.92	27,428,234.53	31,580,622.00	3,754,124.59	5,482,871.53	6,804,338.64	7,882,685.01	8,934,604.14	10,002,618.81	11,346,325.40	13,925,033.61	18,184,092.32	
Estimated ISR only Property Tax (ytd)	21,591,689.88	23,324,928.14	25,308,147.95	2,096,607.67	4,177,270.01	6,129,954.34	9,618,348.39	13,331,642.81	15,787,852.33	18,209,726.85	20,628,393.14	23,028,882.58	
Total Estimated ISR prop tax recoveries	411,043.04	4,103,306.39	6,272,474.05	1,657,516.92	1,305,601.52	674,384.30	(1,735,663.38)	(4,397,038.67)	(5,785,233.52)	(6,863,401.45)	(6,703,359.53)	(4,844,790.26)	
ISR property tax over (under) - for deferral (ytd)	(2,497,374.41)	411,042.59	4,103,306.39	0	1,657,516.92	1,305,601.52	674,384.30	(1,735,663.38)	(4,397,038.67)	(5,785,233.52)	(6,863,401.45)	(6,703,359.53)	
ISR property tax over (under) - for deferral (current month)	2,908,417.00	3,692,263.80	2,169,167.67	1,657,516.92	(351,915.40)	(631,217.22)	(2,410,047.68)	(2,661,375.29)	(1,388,194.85)	(1,078,167.93)	160,041.92	1,858,569.27	3,925,058.21
Calculated GET ((Line 23/.97) x .03)	89,951.04	114,193.73	67,087.66	51,263.41	(10,883.98)	(19,522.18)	(74,537.56)	(82,310.58)	(42,933.86)	(33,345.40)	4,949.75	57,481.52	121,393.55
<b>AMOUNT BOOKED</b>													
<b>A - Actual Property Tax Expense</b>													
Estimated ISR only Property Tax (ytd)	21,591,689.88	23,324,928.14	25,308,147.95	2,096,607.67	4,177,270.01	6,129,954.34	9,618,348.39	13,331,642.81	15,787,852.33	18,209,726.85	20,628,393.14	23,028,882.58	
<b>B - Estimated Property Tax Collections/Recoveries</b>													
Planned annual FY recoveries (ytd)	33,291,643.00	33,291,643.00	33,291,643.00	33,291,643.00	33,291,643.00	33,291,643.00	33,291,643.00	33,291,643.00	33,291,643.00	33,291,643.00	33,291,643.00	33,291,643.00	
On base ISR capex investments (ytd)	4,711,167.00	4,711,167.00	4,711,167.00	8,261,429.00	8,261,429.00	8,261,429.00	8,261,429.00	8,261,429.00	8,261,429.00	8,261,429.00	8,261,429.00	8,261,429.00	
Allocation %	69.67%	86.85%	100.00%	10.83%	15.81%	19.62%	22.73%	25.76%	28.84%	32.72%	40.16%	52.44%	
Subtotal	26,477,175.74	33,005,999.23	38,002,810.00	4,498,445.46	6,569,946.73	8,153,417.81	9,445,565.21	10,706,045.71	11,985,812.98	13,595,932.90	16,685,915.13	21,789,406.73	
<b>C - Deferral of any over/under</b>													
Estimated ISR prop tax recoveries (ytd)	26,477,175.74	33,005,999.23	38,002,810.00	4,498,445.46	6,569,946.73	8,153,417.81	9,445,565.21	10,706,045.71	11,985,812.98	13,595,932.90	16,685,915.13	21,789,406.73	
Estimated ISR only Property Tax (ytd)	21,591,689.88	23,324,928.14	25,308,147.95	2,096,607.67	4,177,270.01	6,129,954.34	9,618,348.39	13,331,642.81	15,787,852.33	18,209,726.85	20,628,393.14	23,028,882.58	
Total Estimated ISR prop tax recoveries	4,885,485.86	9,681,071.09	12,694,662.05	2,401,837.79	2,392,676.72	2,023,463.47	(172,783.18)	(2,625,597.10)	(3,802,039.35)	(4,613,793.95)	(3,942,478.02)	(1,239,475.85)	
ISR property tax over (under) - for deferral (ytd)	974,725.96	4,885,485.96	9,681,071.09	0	2,401,837.79	2,392,676.72	2,023,463.47	(172,783.18)	(2,625,597.10)	(3,802,039.35)	(4,613,793.95)	(3,942,478.02)	
ISR property tax over (under) - for deferral (current month)	3,910,760.00	4,795,585.13	3,013,590.96	2,401,837.79	(9,161.07)	(369,213.25)	(2,196,246.65)	(2,452,813.92)	(1,176,442.26)	(811,754.60)	671,315.93	2,703,002.17	10,480,460.25
Calculated GET ((Line 49/.97) x .03)	120,951.34	148,317.07	93,203.84	74,283.64	(283.33)	(11,418.97)	(67,925.15)	(75,860.22)	(36,384.81)	(25,105.81)	20,762.35	83,598.01	324,137.95
Deferral Adjustment (Line 23 - Line 49)	(1,002,343.00)	(1,103,321.33)	(844,423.30)	(744,320.87)	(342,754.32)	(262,003.97)	(213,801.03)	(208,561.37)	(211,752.59)	(266,413.34)	(511,274.01)	(844,432.90)	(6,555,402.04)
Deferral GET Adjustment (Line 25 - Line 51)	(31,000.30)	(34,123.34)	(26,116.18)	(23,020.23)	(10,600.65)	(8,103.22)	(6,612.40)	(6,450.35)	(6,549.05)	(8,239.59)	(15,812.60)	(26,116.48)	(202,744.39)
Total Deferral Adjustment (Line 53 + Line 54)	(1,033,343.30)	(1,137,444.67)	(870,539.48)	(767,341.11)	(353,354.97)	(270,107.19)	(220,413.43)	(215,011.72)	(218,301.64)	(274,652.93)	(527,086.61)	(870,549.38)	(6,758,146.43)

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Division 2-6

Request:

Please explain the cause of the \$1,665,695 increase in actual bad debt net write-offs as indicated on page 8 of the August 1, 2022 direct testimony of Stephanie A. Briggs.

Response:

The allowed uncollectible accounts expense in Docket No. 4770 represents a level of actual accounts net write-off expense experienced by the Company rather than bad debt expense recorded on the books in accordance with General Accepted Accounting Principles (GAAP). Since the Company recovers bad debt expense from customers based on actual bad debt write-offs net of recoveries, in the earnings calculation the Company increased the bad debt expense on the Company's books by \$1,665,695 to reflect the calendar year 2021 level of actual net write-offs as shown on Schedule SAB-1, Page 2, Line 16 and Schedule SAB-1, Page 14, Lines 44 and 45.